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SOURCE: Wen-hui, etc.

SHANGHAI CITY OFFICIAL DISCUSSES
FUTURE OF PRIVATE INDUSTRY AND BUSINESS IN CHINA

Hsu Hsiao-shan (Hsueh 10930, G-39, 4376), chief of the Bureau of Industry and Commerce of the Shanghai city government, in an address before industrialists and commercial operators, discussed the future of private enterprise in China under the following five topics:

1. What is the attitude of the new China toward private capital?
2. Are there conditions under which a private economy may grow?
3. What is the direction of the new China's economic expansion?
4. What is the future of commercial enterprises?
5. What is the future of industry and commerce?

In answering the first question, Hsu said that it is a mistake to suppose that the middle-class bourgeoisie and the national bourgeoisie have no place in the new China. They have a place in the new China because they were exploited by the bureaucrats and landlords who sought to overthrow them, he said. Since they have a responsibility toward the recovery and expansion of production, their value to the new economy is not to be discounted, he went on.

On the second point the speaker insisted that not only would private capital in the new democracy be protected, but it would be assisted to expand to many times the dimensions existing under the IMT. He sought to allay the fears of some that the program of redistribution of the land in the country indicated that capital in the cities would also be redistributed. He said that landlords were parasites and as such must be eliminated, but that industrialists were producers. He indicated his belief that distribution of the land among the peasants would raise their standard of living and that only as this came about could industrialists hope to find a market for their products.

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discussing the third point, he stressed that the government must take the lead in economy and in the utilization of raw materials and markets. Since the government is the protector of the people, it will carry out these functions in the interests of the people and not consume the people's wealth upon itself as the bourgeoisie does, he asserted. He continued:

While the new China is giving primary attention to the building and expansion of heavy industry, this does not indicate a disregard for light industry. Those of us who think China should follow the pattern of industrial development that occurred in England and develop light industry first do not realize the reality of the situation. We cannot now move by the same slow stages as England did. We must now operate the most important heavy industries, give private industry a chance to develop such heavy industries as they are equipped for. In the field of light industry there will be still more opportunities for all enterprises.

On the point of the new China's commercialism, the speaker said that the old view that the future of China will be a socialist foundation. He said that the constitution provides for commercialism devoted to the interests of the people as a link between producers and consumers. He explained:

Foreign trade must be government-controlled for: (a) the centralization of operations and management; (b) the protection of foreign policy, and (c) the handling of foreign exchange and foreign materials and tools. Internal trade is government-controlled but carried out legally and is not opportunistic or monopolistic. It is a useful and useful commercial capital will be carried out in the industrial production. Commercialism advantageous to a country's people's livelihood has a future in the new China.

As for the future of private industry and commerce, the speaker made it clear that eventually the socialist form of enterprise would spread throughout the country. He stated the transition as follows:

Until such time, however, we must continue to carry on. When cooperatives shall become widespread, we will be able largely to absorb the employees of shops and stores. The workers will then engage in joint enterprises with the government or undertake contracts for the development of natural resources for the government. The new government offers better opportunities than did the H.K. to progressive, independent businessmen. It will not neglect them or drive them out.

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